

**UNITED STATES OF AMERICA
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.**

ORDER 96-2-35

Issued by the Department of Transportation
on the 21st day of February 1996

SERVED FEBRUARY 21, 1996

1996 U.S.-ITALY SERVICE PROCEEDING

Docket OST-95-422

ORDER TO SHOW CAUSE

Summary

By this order we tentatively select USAir for primary authority to serve the Philadelphia- Rome market, and Northwest Airlines for backup authority to serve the Detroit-Rome market. We will afford interested parties 10 days to comment on our tentative findings and conclusions and 5 calendar days for replies.

Background

By Order 95-8-30, we instituted this proceeding to select a carrier to exercise the available opportunity to provide service in the U.S.-Italy market. We noted that under the terms of the 1990 United States-Italy ad referendum agreement, amended December 23, 1991, a fifth route opportunity is available for service by a U.S. carrier between any point in the United States (except New York/Newark and Chicago) and the coterminal points Milan and Rome, Italy. That service is subject to a limit of six weekly frequencies if aircraft with up to and including 300 seats are used and five weekly frequencies if aircraft with over 300 seats are used. The frequencies can be increased to a daily flight after the first year for smaller aircraft, and after the second year for aircraft with over 300 seats.

Three carriers--USAir, Northwest, and Delta--have applied for the available designation.¹ All three would operate six weekly nonstop roundtrip flights to Rome. USAir would serve from Philadelphia, with single-plane behind gateway service to Los Angeles; Northwest would serve from Detroit with single-plane service to Seattle; Delta would serve from Atlanta.

¹ Delta and USAir were also applicants in the 1992 proceeding for the fourth available designation. In that case Delta proposed service from Atlanta and USAir proposed service from Pittsburgh. United Air Lines was selected in that proceeding to serve the Washington, D.C.-Rome/Milan markets. See, *U.S.-Italy Service Proceeding, Docket 47654*.

Market Profile

For the year ended March 1995, the Department's O & D data indicate that 432,000 passengers traveled on U.S. carrier services between the United States and Rome. There are four U.S. gateways to Italy: New York, Boston, Chicago and Miami.

Of the five U.S. carriers currently serving Italy, three serve Rome--Trans World Airlines, Delta, and Continental. American and United serve Milan only. U.S. airlines serve Rome only from the two New York gateways. TWA and Delta each provide daily service from New York (JFK). (Both also provide daily service to Milan). Continental provides daily service from Newark under a code-sharing arrangement with Alitalia, the flag carrier of Italy. Alitalia, the sole Italian carrier, serves Rome from New York, Newark, Boston, Miami, and Chicago. It also provides direct service in the Los Angeles-Rome market during the summer.

Applicant Proposals

The three applicants in this proceeding filed direct and rebuttal exhibits and briefs.² In addition, several civic parties participated in this proceeding. Wayne County and the Detroit Metropolitan Airport and the Port of Seattle filed exhibits and briefs in support of Northwest's proposal; the Georgia and Atlanta Parties filed in support of Delta's Atlanta proposal; and the City of Philadelphia, Division of Aviation (Philadelphia) filed in support of USAir's proposal.³

Delta proposes to serve Rome from its Atlanta hub using 267-seat MD-11 aircraft in the high season (May-October) and 218-seat B767-300 aircraft in the low season

² On January 5, 1996, Northwest filed a motion for leave to file an otherwise unauthorized document. Northwest requests that correspondence between Northwest and the Department's Office of Aviation Enforcement and Proceedings concerning advertisements by Northwest with respect to its interline services with KLM be made part of this proceeding. Northwest argues that Delta has filed inaccurate exhibits in this proceeding concerning Northwest's advertisements and that it is necessary for the correspondence to be included to ensure that Northwest's interests in this proceeding are not prejudiced. On January 11, Delta filed a revised exhibit to include information excluded from its original filing. Delta, Philadelphia, Wayne County, and Northwest have filed a number of additional pleadings in response to Northwest's motion. Many of those pleadings, however, also included additional arguments with respect to the merits of this proceeding. As carriers have already had sufficient opportunity under the procedural schedule of this case to present their positions, we are not persuaded to consider further pleadings relating to the selection issues before us. In these circumstances, we have decided to grant Northwest's January 5, 1996 Motion, and will accept all other documents filed to the extent that they relate to the issue of Northwest's advertising as set forth in its Motion. Furthermore, we emphasize that we are not making any determination here regarding the issue of Northwest's advertisement of its interline services with KLM. This matter has been considered by our Enforcement Office and their letter to the parties involved has been placed in Docket OST-95-422.

³ Each of the applicants submitted letters of support from various local, state, and congressional parties.

(November-April). It proposes no single-plane behind gateway service, but will provide single flight number service to Orlando. In its first year of service, Delta projects carrying a total of 108,453 passengers, which includes 23,408 and 81,886 local and on-line connecting passengers, respectively. It projects total revenue of \$68 million from this service and a profit of \$9.8 million net of self diversion.⁴ In this regard, Delta projects a total of 11,500 diverted passengers resulting in a \$4.5 million reduction in projected profits.

Northwest proposes to serve Rome from its Detroit hub using 281-seat DC-10 aircraft. It proposes to provide single-plane behind gateway service to Seattle. In its first year of service, Northwest projects carrying a total of 122,085 passengers, which includes 14,746 local, 6,826 single-plane, and 90,537 on-line connecting passengers, respectively. It projects total revenue of \$68.6 million from this service and a profit of \$11.2 million net of self-diversion.⁵ In this regard, Northwest projects a reduction of \$1.4 million in its projected profit from diverted passengers.

USAir proposes to serve Rome from its new international hub at Philadelphia. USAir proposes to serve the market with 210-seat B-767-200 aircraft and will provide single-plane behind gateway service to Los Angeles. In its first year of service, USAir projects carrying a total of 96,332 passengers which includes 25,699 local, 8,258 single-plane and 52,917 on-line connecting passengers, respectively. It projects total revenue of \$51.6 million and a net profit of \$4.5 million.⁶ USAir does not project any self-diversion from its services.

Position of the Parties

Applicants

In support of its proposal Delta stresses the geographic diversity of its service, *i.e.*, the fact that Atlanta will provide Rome passengers with a new and convenient gateway; the competition its service will provide with Alitalia's service from Miami; and the strength of its Atlanta hub and the benefits to the southern tier of the United States from service through Atlanta, as well as to the Atlanta local market. It rejects arguments that it should not receive an award in this case because it already serves Italy. In this regard, Delta states that the Department has selected incumbents in other limited entry markets. It further argues that if its incumbency is deemed a negative factor, then the Department should also take into consideration that Northwest and USAir have access to the Italy market through their alliances with KLM and British Airways, respectively. Delta also rejects arguments that it has understated self-diversion from its New York service, maintaining that New York is a large local market and can support service on its own and that many communities now served through New York would be better served through Atlanta. It also argues that

⁴ Delta Direct Exhibits, DL-302 and DL-401.

⁵ Northwest Direct Exhibits, NW-301 and NW-401.

⁶ USAir Direct Exhibits, US-301, US-401.

operational constraints at New York limit the ability to develop behind-gateway flow at New York, as recognized by the Department in the *Manchester Case*.⁷ Finally, Delta argues that Northwest's proposed service is duplicative of service at Chicago and that USAir's service is duplicative of the many services offered from New York.

Northwest argues that it should be selected because its proposal offers the most public benefits and because it is a new entrant and would offer the strongest competitive spur to the market. It argues that its Detroit hub offers geographic diversity and inter-gateway competition with Chicago, as well as competition with Alitalia's monopoly in the Chicago-Rome market; and that its single-plane Seattle service will offer that community its first service to Italy. It also argues that it is the most cost efficient of the applicants and, thus, most able to sustain the proposed service. It rejects arguments that its service is duplicative of service at Chicago, arguing that there is no Chicago-Rome service by a U.S. carrier. It contends that an award to Delta would waste the last available route opportunity since Delta is already a major player in the Italy market and already has many opportunities to serve Italy from other U.S. cities under its existing authority. It also argues that the majority of behind gateway cities claimed by Delta already receive equal or better nonstop-nonstop service connections over New York by Delta or other carriers. Similarly, it argues that an award to USAir would duplicate existing services since Philadelphia is only 78 miles from Newark and less than 100 miles from JFK; and that all of the cities that would benefit from USAir's service already receive equal, if not better service.

USAir maintains that it is the best carrier for an award in this case. It contends that Philadelphia has a strong community of interest with Italy. USAir asserts that the Philadelphia local market is significantly understated because many passengers use surface transportation to New York and as such are miscounted as New York originating passengers. It also argues that Philadelphia is the largest U.S. city without nonstop service to Italy. In these circumstances, and given the size of the local market, USAir maintains that its service offers the most significant public benefits. It also argues that Philadelphia offers a convenient gateway for connecting passengers with minimal circuitry, and thus that Philadelphia offers valuable inter-gateway competitive benefits with U.S. and Italian carrier services from New York. USAir argues that it has committed to a new strategy that focuses on development of long-haul transatlantic routes out of the Philadelphia gateway. USAir also asserts that it has only four international routes compared to 24 for Northwest and 38 for Delta, and that an award to it would strengthen its competitive posture in the transatlantic market and its ability to compete in domestic markets.

Delta and Northwest attack USAir's route strengthening arguments claiming that USAir is the fourth largest U.S. carrier; that it recently received two major Canadian route awards and has proposed service to Spain from Philadelphia. They contend that USAir could serve many open entry international markets from Philadelphia to improve

⁷ *United States-United Kingdom Regional Airport Service Proceeding*, Docket 47090, Order 91-4-45.

Philadelphia's service. They contend that USAir's reliance on route strengthening and domestic competition reflects the weakness in its proposal and should not be a decisive factor in this case.

Civic Parties

All three applicants shared strong support from their affiliated civic parties.

The Georgia and Atlanta Parties strongly support Delta's Atlanta proposal stressing the benefits of Delta's extensive services at Atlanta and the improved service to the Atlanta local market. In this regard, they contend that Atlanta has extensive business ties to Italy and would benefit significantly from nonstop service in the Rome market.

Wayne County and the Port of Seattle argue that Northwest's proposed service would provide their first nonstop and single-plane services to Italy. Detroit contends that like Philadelphia, it has strong ethnic ties to Italy with a high ethnic population in the Detroit Metropolitan area as well as significant business ties. Seattle claims that new single-plane service to the Mediterranean region will provide the first significant service to Southern Europe for the community. Both civic parties argue that Northwest has offered the best proposal in terms of service and competitive benefits and should be granted the award in this proceeding.

Philadelphia argues that it has the strongest ethnic ties of the three proposed gateways and the largest local market to benefit from an award in this proceeding. It offers evidence to support its position that the Philadelphia local market is significantly understated. It further maintains that Philadelphia is well situated as a competitive gateway to New York for international air services. Because of its strong ties to Italy, Philadelphia maintains that an award to USAir will provide valuable economic benefits to the community.

DECISION

The record before us establishes that the principal sources of public benefits in this case are in the carrier selection areas of nonstop and single-plane service, competition, and behind-gateway operations. Every applicant would make an important contribution in one or more of these areas. Delta would carry a large number of flow passengers. Northwest would also provide significant behind-gateway services and the competitive spark associated with new entry. The evidence is, however, that USAir would provide the most significant benefits overall. It has access to the largest pool of nonstop and single-plane passengers and would most likely carry the most such passengers. It would also carry a large number of behind-gateway passengers. Above all, the selection of USAir would have the greatest positive impact on competition. That choice, and only that choice provides this Department with the opportunity to promote three important elements for maintaining a competitive market structure: new entry, the development of a new gateway for transatlantic service, and

inter-gateway/inter-carrier competition.

Therefore, after carefully weighing the merits of all proposals in this proceeding, we have tentatively concluded that the selection of USAir would provide the most significant public benefits that could result from an award in this case.

In reaching this conclusion, we have analyzed all of the applicants' forecasts. Our analysis indicates that while all of the applicants have used optimistic assumptions in estimating local traffic growth, all the local markets forecasts are plausible. However, we also find that all of the forecasts for the behind gateway markets are overstated to one degree or another for reasons discussed in detail at page 9.

Nonstop and Single-Plane Benefits

All of the applicants have demonstrated that they would effectively serve their gateway markets. All would operate six weekly nonstop frequencies in the market -- the maximum number permitted by the U.S.-Italy bilateral. All of the applicants would use B-767 equipment or larger, provide more than enough capacity to meet the demand for service in their respective local markets, and would use their gateway hubs to develop sufficient network traffic to feed their transatlantic operations.

Northwest has established a major hub at Detroit, which it uses to provide transatlantic service as well as transpacific service. Delta has established a major hub at Atlanta, which it uses to serve most transatlantic destinations. USAir is in the process of building an international connecting complex at its hub in Philadelphia. It has shifted the emphasis of its transatlantic service to Philadelphia, which because of its size and location provides the potential for a major new transatlantic gateway.

Philadelphia is the largest U.S. city without nonstop service to Italy in this proceeding. It also has the largest population of Italian ancestry of any of the proposed gateways, and of any other U.S. city except New York. Ethnic and economic ties demonstrate a strong community of interest between Philadelphia and Italy, as does the fact that Philadelphia has historically been the most popular destination for Italian visitors of any of the proposed gateways. Exhibits PHL-101, 200 through 211 and 500. Moreover, Philadelphia is located in the center of the populous eastern seaboard region that generates the most passengers to Italy.

It is in these circumstances that USAir maintains that it will carry the most nonstop passengers. Although we do not agree with every aspect of USAir's forecast, -- or the other applicants -- we do endorse the principal that USAir should benefit the most passengers with nonstop service. Philadelphia's advantages in terms of size, location, community of interest, and demand for service to Rome support that conclusion.

As to the last point, exhibits submitted by Northwest and USAir show that the demand for air service to Rome by Philadelphia area residents may be two to three times greater than that reported in our O&D Survey, making that market the largest in this proceeding by a wide margin. Exhibits US T-2 and 300, NW-R-904. Both applicants

also agree that a large portion of the Philadelphia-Rome traffic now travels by surface transportation to the New York area airports, and therefore, are not counted as Philadelphia passengers in our O&D Survey. NW Brief p.9, US Brief p. 21. Northwest argues that this situation is irreversible because of the superiority of service to Rome from New York. We disagree. Newark (the example cited by Northwest) is one and a half hours away from Philadelphia by surface transportation. That so many passengers would endure a time-consuming trip of that magnitude rather than use the local Philadelphia International Airport strongly suggests a more compelling reason for the so-called "leakage" in Philadelphia-Rome traffic: the lack of competitive alternatives at Philadelphia. This is precisely the situation that USAir seeks to correct by applying for authority to serve Rome in this proceeding. And there is convincing evidence that USAir will recapture many Philadelphia-Rome passengers that now use other airports because of existing transatlantic service deficiencies. Indeed, USAir's experience in the Philadelphia-Paris market shows that the introduction of nonstop service in a comparable situation can generate nearly three times more traffic than was reported before its entry. See DOT O&D traffic survey for 1991 and 1992.

USAir's advantage in this area of carrier selection is increased by its proposed single-plane service to Los Angeles because that service would provide more passengers with single-plane service than either of the other applicants. Delta is not offering any single-plane service. All of its behind-gateway passengers would have to change planes at Atlanta on trips to Rome, including those on its "single flight number" service for Orlando passengers. USAir's Los Angeles single-plane service would carry more passengers to Rome than Northwest's Seattle single-plane service. See page 3.

Competition

The U.S.-Italy market is served by five U.S. airlines: American, Delta, Continental, TWA and United. American and United serve Milan exclusively. Delta, Continental, and TWA serve Rome from the New York gateway. Delta is also a major participant in the larger transatlantic market, and now provides more service in that market than any other U.S. airline.

Neither Northwest nor USAir is authorized to provide U.S.-Rome scheduled passenger service and therefore come to this proceeding as potential new entrants. Northwest's presence in the transatlantic market, though smaller than Delta's, is substantial. USAir operates only four daily transatlantic flights, and, as this figure indicates, has a smaller presence in that market than Northwest and most other U.S. airlines providing scheduled transatlantic service.

Against this background, the record shows that the selection of USAir for U.S.-Rome authority would provide the greatest competitive benefits in the circumstances of this proceeding. That choice would introduce a new airline in the market. It would provide the highest level of inter-gateway and inter-carrier competition that could

result from an award in this case. It would also promote market structure considerations in this case by increasing the ability of an airline with a relatively small presence in the transatlantic market to become a more significant competitor on other transatlantic routes. See *U.S.-Italy Service Proceeding (Order 92-3-48)*. In addition, an award to USAir would provide Philadelphia with the opportunity to become a major gateway to another major European destination.

USAir's Philadelphia service will provide the most effective inter-gateway and inter-carrier competition in this case. New York is the primary gateway to Rome. Nearly 65% of all U.S.-Rome passengers use that gateway for the forecast period. The remaining connecting opportunities entail using foreign air carrier services connecting at points in Europe. USAir's proposal in this case leaves no doubt that it will provide the most attractive service alternative to the largest number of passengers that would otherwise use the New York gateway in this case. As such, USAir is in the strongest position to compete with all U.S. airlines serving Rome. The equally effective competition with third-country connecting services is a further benefit. We have long recognized the importance of inter-gateway competition in international route cases. See *Dallas/Ft. Worth-London Case (Order 83-3-42)* and *U.S.-Peru Combination Service Proceeding (Order 95-12-26)*.

USAir's Philadelphia service will have the most significant competitive impact on Alitalia's services. In this regard Delta and Northwest correctly point out that their hub services would compete with Alitalia's gateway services at Miami and Chicago, respectively. However, Alitalia's traffic at these gateways is far less in comparison to its traffic at the New York gateway. Alitalia's New York-Rome traffic is nearly four times greater than its Miami-Rome traffic. New York is Alitalia's primary gateway to Rome, and USAir will have a significant edge competing for Alitalia's traffic, just as it has a significant edge competing for the U.S. airlines' traffic using that gateway. Only USAir will compete directly with Alitalia because Los Angeles-Rome is the only gateway or single-plane market in this proceeding that receives single-plane service from Alitalia.

Delta maintains that its proposal will enhance overall market structure and competition between U.S. and Italy. However, the record shows that USAir has an advantage over Delta in this area of carrier selection, and that Delta would, in fact, provide the fewest competitive benefits. Delta is currently a major provider of U.S.-Rome service and an award to it would double its market share and increase its concentration in that market. This increase would not provide the competitive benefits in this case that would result from an award to a new entrant. Similarly, Delta's strong position in the New York-Rome market prevents it from offering the high level of inter-gateway competition that would result from the selection of USAir.

Northwest's entry into the U.S.-Rome market would enhance competition more than a second award to Delta and provide an effective alternative to Alitalia's gateway services. Still, Northwest cannot match the competitive benefits that USAir would

provide. The selection of USAir would promote inter-gateway competition as would the selection of Northwest. It would, however, also make a much more significant contribution to the development of a new competitive transatlantic gateway, and therefore to the public interest in promoting actual and potential competition in the market. It would also contribute to competition with foreign airlines in the largest U.S.-Italy market. Delta and Northwest would offer competitive alternatives at the Miami and Chicago gateways respectively. USAir, however, would provide the same for a much larger number of passengers now using Alitalia's service at New York and Los Angeles, and that provides the best measure of competitive impact in the context of this proceeding.

Behind-Gateway Service

We find that the public benefits resulting from USAir's advantages in the preceding areas of carrier selection are significantly greater than those resulting from the best proposal in this area.

There are many similarities in the applicants' behind-gateway proposals. For example, they all would convenience a large number of flow passengers, rely on the largest U.S.-Rome markets to provide most of their support traffic and use their special advantages at their different hubs to generate additional traffic and additional service benefits.

There are also differences in the number of on-line connecting passengers that each applicant claims it would carry. However, our analysis shows that these differences result mainly from overstatements in their traffic forecasts.

Northwest's is the most problematic because it rests on number of questionable assumptions, including that more than 45,000 passengers will choose to fly to Rome via Detroit either by (1) traveling from points east of Detroit to Detroit and to Rome (backhaul passengers), or (2) taking three different flights in each direction (double-connecting passengers).

Northwest has not provided convincing evidentiary support for its contention that such a large number of passenger would choose to fly to Rome in this manner. Its contention that 50 passengers a day will use its double-connection services assumes, among other things, that it will achieve a very high share -- in some cases 85% -- of those markets in which those services are offered. Northwest's participation figures are excessive because effective competitive service is currently provided in these markets. There are similar serious problems with Northwest's forecast for East Coast-Rome passengers. For example, Northwest predicts that 45 passengers a day would travel from Boston, New York, Philadelphia and Washington, DC to Rome via Detroit. It is highly unlikely, however, that a significant number of passengers will choose this route to Rome considering that existing services to Rome are more convenient, faster, and less circuitous than Northwest's backhauls. In fact, Northwest's proposed service

in those markets would increase the existing travel time to Rome over New York by two to four hours in each direction. These considerations materially undermine Northwest's claim that it would carry the most behind-gateway passengers.

Delta's behind-gateway forecast is also overstated. It proposes on-line connecting service in 60 Southeast-Rome markets. In most of these markets it estimates that it alone will carry substantially more traffic in the forecast year than all U.S. airlines combined carried during the base year. Specifically, it predicts that it will carry nearly 28,000 passengers in markets that generated only 21,000 plus passengers during the base year -- an increase of 34%. Similar forecasting problems exist in other connecting markets which Delta predicts would generate substantial traffic for it, including the Portland, Oregon, and San Diego-Rome markets. Delta also claims traffic in many markets that would receive connecting service in only one direction. While these markets would generate a relatively small percentage of Delta's total estimated traffic, they do add to an otherwise optimistic traffic forecast and underscore the basic flaws in Delta's projections -- the use of extremely high stimulation and market participation figures. Although Delta claims that these figures are justified by its experience in providing new service in other U.S.-Europe markets, it has not provided sufficient probative evidence to support that claim. The selected examples that it cites in exhibit DL-304 are either inapposite to a mature market like U.S.-Rome, produce a significantly smaller increase in market share resulting from new on line service, or both.

USAir's forecast also has its problems. It predicts that it will carry 11,554 on-line double-connecting passenger in the forecast year. It produces that number by claiming extremely high shares in most of its double-connecting markets. As in the case of Northwest, we believe that these estimates are excessive and should be reduced to reflect a more reasonable level of participation. That reduction would have significantly less effect on USAir's credible forecast than on Northwest's for a number of reasons including the fact that USAir is claiming fewer double-connecting passengers and claims no significant levels of backhaul passengers.

In summary, our analysis indicates that all of the applicants' behind-gateway traffic forecasts are overstated to some degree or another. Northwest's forecast contains the most serious flaws, which prevent a finding that it would provide the most significant benefits in this area. The estimates of Delta and USAir also raise significant questions about the number of flow passengers each would carry. We are inclined to give Delta the edge in this area, but not by a wide margin, because Delta would offer the most improved service to points in the south, and therefore promote the public interest in enhancing service to that region. But its behind-gateway proposal contains a number of disadvantages, and the proposals of the other applicants contain a number of advantages which, when weighed together make it a close question as to whether Delta would provide the most benefits in this area.

First, Delta would not provide significant service improvements for more than 40% of the flow passengers it would carry because they are in markets which now receive service from Delta that is equal to, if not better than, the service Delta proposes here in most cases. Second, Northwest and USAir would provide effective service in markets which generate most of Delta's forecast traffic. Third, Northwest and USAir propose single-plane service to cities behind their respective gateways. Delta does not. The Department has repeatedly found that single-plane service provides greater public benefits than single-carrier service. Delta has presented no reasons why the U.S.-Rome market should be the exception to the rule. Fourth, while Atlanta may be the largest hub in the world, as Delta claims, USAir's Philadelphia hub is well-situated to generate an equivalent number of flow passengers in the circumstances of this proceeding.

In all these circumstances, it is our conclusion that USAir's compelling advantages in the other areas of carrier selection significantly outweigh any that Delta may have here.

Backup Award

We have tentatively decided to select Northwest for backup. We believe that the most important benefit in this case results from the introduction of additional competition in the market. Northwest would be a new entrant into the overall U.S.-Rome market and would compete with Delta and other incumbents in many U.S.-Rome city-pair markets. Northwest would also offer new one-stop single-plane service that would not be available under Delta's service proposal. We believe these considerations outweigh Delta's advantages in terms of more behind gateway benefits and therefore warrant the selection of Northwest as backup.

Certificate Conditions

In our instituting order we requested that the applicants state whether they would accept an initial tariff condition on any authority awarded in this proceeding. We also asked if selected for a primary award, if they would accept a startup condition, and if so, what period they thought was appropriate.

All of the applicants have stated that they would accept the standard initial tariff condition. In terms of the primary award, all state that they will accept a startup condition. They suggest that the startup period be 60 or 90 days. We tentatively propose to impose the standard initial tariff condition. We will propose to require that the primary carrier commence operations no later than 90 days after the effectiveness of a final decision in this case. We believe a 90-day startup period will afford the selected carrier sufficient time to obtain the necessary authority from the Italian Government and to prepare for commencement of its services for the 1996 summer season.

ACCORDINGLY,

1. We tentatively select USAir, Inc. for award of primary authority to engage in scheduled foreign air transportation of persons, property and mail between the terminal point Philadelphia, Pennsylvania, and the terminal point Rome, Italy;
2. We tentatively select Northwest Airlines, Inc., for backup authority to engage in scheduled foreign air transportation of persons, property and mail between the terminal point Detroit, Michigan, and the terminal point Rome, Italy;
3. We direct all interested parties having objections to our tentative decisions in ordering paragraphs 1 and 2, above, to file their objections with the Department's Documentary Services Division, Docket OST-95-422, U.S. Department of Transportation, 400 Seventh Street, S.W., Room PL-401, Washington, D.C. 20590, no later than March 4, 1996; answers thereto shall be filed no later than March 11, 1996;⁸
4. If timely and properly supported objections are filed, we will afford full consideration to the matters or issues raised by the objections before we take further action;⁹
5. If no objections are filed, we will deem all further procedural steps to have been waived, and we will proceed to enter a final order subject to Presidential review under 49 U.S.C. 41307;
6. We grant all motions for leave to file otherwise unauthorized documents in this proceeding, but incorporate them into this record only to the extent discussed in this order; and
7. We will serve a copy of this order on Delta Air Lines, Inc.; Northwest Airlines, Inc.; USAir, Inc.; all other parties to this proceeding; the Ambassador of Italy in Washington, D.C.; and the U.S. Department of State (Office of Aviation Negotiations).

By:

PATRICK V. MURPHY
Deputy Assistant Secretary for

⁸ Filings should be made on white paper with dark ink and without tabs.

⁹ As we are providing for the filing of objections to this tentative decision, we will not entertain petitions for reconsideration of this order.

Aviation and International Affairs

(SEAL)

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<http://www.dot.gov/dotinfo/general/orders/aviation.html>*